

TOR FOR ANNUAL AUDIT

(Updated 2010-06-11)

I. Introduction

Brief background information:

[X] wishes to engage the services of an audit firm for the purpose of auditing the [project/programme] [name], as stipulated in the agreement between [X] and [Sweden/Sida]. The audit shall be carried out in accordance with international audit standards issued by International Organization Federation of Accountants (IFAC). The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorized Public Accountant).

II. Objectives and scope of the audit

-Audit the Financial report for period [January-December 200X] as submitted to the donor and express an audit opinion according to ISA 800/805 on whether the financial report of X [project/programme] submitted to the donor, is in accordance with [X]s accounting records and Sida's requirements for financial reporting.

-Examine, assess and report on compliance with the terms and conditions of the agreement [agreement articles] and applicable laws and regulations regarding accounting and taxes.

- The auditor shall examine on a test basis that there is supporting documentation related to reported expenditure. The size of the test shall be based on the auditor's risk analysis and that should be stated in the report. The auditor shall report the identified amount in case there is any missing supporting documentation.

- Examine if [X] has agreements with the organisations to which it channels parts of the funds and whether [X] has followed Sida's audit requirements as stipulated in the agreement and have acted on received audit reports from these organisations.

III. The reporting

The reporting shall contain details regarding used audit methodology and the scope of the audit.

The reporting shall contain an assurance that the audit was performed in accordance with international standards and by a qualified auditor.

The reporting shall contain the responsible auditor's signature (not just the audit firm) and title.

-The reporting from the auditor shall contain the audit findings made during the audit process. It shall state which measures that have been

taken as a result of previous audits and whether measures taken have been adequate to deal with reported shortcomings.

The auditor shall make recommendations to address any weaknesses identified. The recommendations should be presented in priority.

The reporting shall not exceed 20 pages, be written in English and be presented to [X] in [X] copies and one digital for onward transmission to Sida, within [X] weeks after the last visit. [Date]